



Chevron U.S.A. Production Company  
P.O. Box 1150  
Midland, TX 79702

September 20, 1994

Mr. William J. LeMay  
Oil Conservation Commission  
State Land Office Building  
310 Old Santa Fe Trail, Room 206  
Santa Fe, NM 87503

Prorated Gas Allowables (October 1994 - March 1995)  
Indian Basin (Upper Penn) Gas Pool  
Eddy County, New Mexico

Chevron U.S.A. Production Company operates 10 producing gas wells in the subject field and has a working interest in 3 non operated properties in the subject pool.

Chevron U.S.A. Production Company supports the Oil Conservation Division's proposed allowable assignment factors that resulted in a Monthly Acreage Allocation Factor of 200,000 mcf. Eight of Chevron's 10 wells are currently capable of producing at or above the proposed allowable. In July and August 5 additional compressors were installed on our wells which increased our production by 11,500 mcf/d. An allowable of 200,000 mcf per month will protect the interest of a majority of operators in the Pool.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Brian H. Huzzey".

Brian H. Huzzey  
Chevron U.S.A. Production Company

cc: MW Petroleum Corporation (Ceci Searls Leonard)  
Marathon Oil Company (Rod Steward)  
Oryx Energy Company (Mark A. Peavy)  
Texaco E&P (Dorothy A. Brelh)